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SUBJECT: AIRBUS ON SYRIA DEAL AND USG EXPORT CONTROLS

REF: A) PARIS 1771 B) PARIS 1078

¶1. (SBU) Summary: Airbus confirmed its commitment to acquiring U.S. export licenses, as necessary, for any aircraft sales to Syria. Apart from the proposed sale of 50 aircraft to Syria, Airbus expressed continuing frustration over the complicated U.S. export control and licensing procedures that can impact sales of Airbus with U.S. manufactured parts. The upcoming delivery of A380's equipped with Northrop avionics to Lufthansa is a case in point, Airbus says. EASA airworthiness certification for these planes cannot be completed without both State and Commerce licenses but jurisdictions remain unclear. End summary.

¶2. (SBU) We spoke with Airbus Chief Compliance Officer Patrick Donovan on October 7 about the possible sale or lease of Airbus aircraft to Syria. Donovan confirmed Airbus is discussing with Syria the sale of 50 aircraft (30 A320s, 10 A330s and 10 A350s) over the next decade. He assured us that Airbus will apply for the required U.S. licenses if there is more than 10 percent U.S. content in any of the subject aircraft. Airbus will also conduct detailed controlled content evaluations of each type of aircraft, as necessary.

¶3. (SBU) We underscored that USG policy is not to approve licenses for the export of parts and components to be incorporated into foreign manufactured aircraft intended for sale or lease by the manufacturer to Syria subsequent to the enactment of the SAA. This includes the sale or lease of aircraft to Syria by private third-parties. We also explained that even those products that qualify for an export license because of a Presidential waiver require an extensive review by several USG agencies. The process can be time-consuming, with license applications subject to a general policy of denial.

¶4. (SBU) Airbus representative reiterated that the company has no intention of structuring the deal to attempt to circumvent USG sanctions, including through lease and purchase agreements with a private third-party. The proposed Airbus/SyrianAir deal is subject to a series of strong internal controls by AirbusQ top level management. He also made clear that Airbus is laying a foundation for a long-term project which may not be concluded until the situation in the Middle East improves. He believed that Boeing has also had preliminary discussions with Syria regarding future aircraft sales.

¶5. (SBU) Donovan then raised the general issue of costly, long, and complicated U.S. export control licensing procedures. He cited the case of Lufthansa's first A-380, scheduled for delivery in early 2009. The aircraft includes a Commerce-licensed Northrop Grumman navigation

system that must be certified by the European Aviation Safety Agency (EASA). The equipment requires a State Department license to export its ITAR-controlled data. However, the Commerce license reportedly prevents Northrop Grumman from sharing ITAR-controlled data with EASA for design certification purposes. To allow for disclosure of ITAR-controlled data to EASA, a Technical Assistance Agreement (TAA) or a bilateral aviation safety agreement must be signed between the FAA and EASA. Yet it appears EASA cannot sign a TAA and it is unclear which European Union agency is competent to do so.

Stapleton